

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2019/2020

BAC1074 – ETHICS AND GOVERNANCE

(All sections / Groups)

25th October 2019
9.00 AM – 11.00 AM

(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages excluding cover page with 4 Questions only.
2. Attempt all **FOUR** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

- a.) "The tone at the top sets an organization's guiding values and ethical climate," says Nicole Sandford, partner and national practice leader at Deloitte & Touche LLP's Enterprise Compliance Services. "Properly fed and nurtured, it is the foundation upon which the culture of an enterprise is built," added Nicole.

"Creating and maintaining the right tone at the top is the bedrock of a robust ethics and compliance program. By clarifying and then carefully harmonizing the relevant roles of the Chief Executive Officer (CEO), board and Chief Compliance Officer (CCO), organizations can establish a tone at the top that truly binds the organization together," says Keith Darcy, an independent senior advisor to Deloitte & Touche LLP.

While the importance of setting tone at the top is getting more attention these days, establishing it, and strengthening it over time, requires a concerted effort involving the CEO, the board and the CCO. The process entails addressing such questions as: "What role should the board play in the culture and the organization and risk-taking? What actions should CEOs take to set the tone at the top? What role can the CCO play in helping cascade the tone at the top to the middle and beyond?"

Required:

- i.) How can a board of directors know whether the culture of the organization supports the right kind of risk taking? (10 marks)
- ii.) Explain the role of the Chief Compliance Officer (CCO). (5 marks)
- b.) Tommy is the new controller of XYZ Corporation. Recently, Tommy was approached by Frank the CFO, and told in no uncertain terms to record RM100,000 in revenue at the end of 2018 even though the sale was not made until January 3, 2019.

Required:

Describe Tommy's ethical responsibilities in this matter if he is a Certified Public Accountant (CPA)? (10 marks)

(Total 25 marks)

Continued ...

QUESTION 2

Integrity in the workplace is a building block of ethical behavior

Required:

- i.) Explain the role of integrity in the workplace ethics. (15 marks)
- ii.) What are the essential elements for managers to foster integrity in the workplace? (10 marks)

(Total 25 marks)

QUESTION 3

An Internet Company has a chance to expand its business into a developing country. This opportunity if executed would make money for the shareholders, as it would be the first Internet Company allowed in the country. However, the conditions demanded by the country include that the company must turn over to the government the history of Internet sites visited by its citizens. Additionally, the Internet Company must also censor Internet sites requested through the search engine. In other countries, the Internet Company would not monitor, censor, or turn over a history of Internet sites to any government.

Required:

- i.) What is the dilemma faced by the Internet Company? (4 marks)
- ii.) Use ethical theories and ethical decision making model to back up your decision. (12 marks)
- iii.) Should the Internet Company work with authorities to combat illegal and criminal activities on the Internet? State the pros and cons. (9 marks)

(Total 25 marks)

Continued ...

QUESTION 4

- a.) Define corporate governance. (5 marks)
- b.) Corporate governance provides a framework of control mechanisms that support the company in achieving its goals, while preventing unwanted conflicts.

Required:

Explain the pillars of corporate governance? (10 marks)

- c.) The board of directors is responsible for the company's risk management and internal control systems. It should set appropriate policies on internal control and seek assurance that the systems are functioning effectively. The board must also ensure that the system of internal control manages risks and forms part of its corporate culture.

Required:

- i.) What is the focus of risk management? (5 marks)
- ii.) What are the guidelines and recommendations by the Malaysian Code of Corporate Governance 2017 (MCCG 2017) pertaining to the board establishing an effective risk management and internal control framework? (5 marks)

(Total 25 marks)

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